Date

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
ECONOMICS DIVISION
Decartelization Branch
Berlin, Germany
APO 742

C o p y

2 February 1948

MEMORANDUM

TO : Mr. L. Wilkinson
Director, Economics Division

SUBJECT: Roller Bearing Industry - VKF

1. The Decartelization Branch has long since finished its study of the Roller Bearing Industry in Germany and has prepared a Determination and Order to Show Cause addressed to VKf, being the first step in the proposed deconcentration proceedings to be taken against VKF as an excessive concentration of economic power. This is on the basis that VKF controls a major element of not only a world-wide monopoly, but by its control of the Bearing Industry in Germany, constituting a factual monopoly and an undue concentration of economic power in Germany.

2. From my conversation with you yesterday, I understand that you have been in communication with the Swedish representatives of SKF which holds substantially all of the stock of VKF and that arrangements have been made, as a result of your interview with these individuals, whereby the machinery presently not used and the equipment capable of the production of ball bearings, now in the hands of VKF, is to be turned over to Kugelfischer so that Kugelfischer may likewise produce ball bearings and replace its equipment that has been delivered for reparations. I understand, further, that only such equipment is to be given up by VKF as will not interfere with the present and immediate plans for the future of production of VKF. It is further my understanding that you informed the Swedish interests that this action on their part of voluntarily relinquishing this equipment to Kugelfischer would not free VKF from subsequent action to be taken against it under Military Government Law No. 56, but that, like every other enterprise or concern in Germany, if it was found to constitute an excessive concentration of economic power or engage in practices in violation of Law No. 56, they would be compelled to conform to such Law. In accordance with my understanding with you, we will hold up the issuance of any proceedings against VKF until after the delivery of the equipment by VKF to Kugelfischer, which action, according to your statement, may take six (6) months. We shall keep in touch with the Industry Branch to find the progress that is made in the delivery of this equipment and subsequently will bring this matter to your attention in order to obtain your concurrence in the issuance of proceedings against VKF at that time.

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3. We likewise wish to bring to your attention the fact that the Antitrust Division of the Department of Justice has an action pending against SKF and SKF industries in the United States and that as and when action is, in fact, instituted against VKF, such action will parallel insofar as possible, practicable and necessary, the action taken in the United States.

4. There are in Germany at the present time, two representatives of the Antitrust Division of the Department of Justice who are here from London in connection with another project. These two men have been actively taking a part in the Antitrust proceedings against SKF in the United States and they have indicated a desire to have access to certain of the records of VKF in Schweinfurt or wherever they may be located. We assume that there is no objection to their having access to these records, but we shall caution them that they are to make no statement of the intentions of the Decartelization Branch or any other agency as to any action that is to be subsequently instituted.

RICHARDSON BRONSON
Chief
Decartelization Branch

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